

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent George M. Drysdale is the Chairman and Chief Executive Officer of the Marsman Drysdale Group, and the Chairman of Drysdale Enterprises. Respondent Drysdale resides in the Philippines.

In 2002, during the first semi-annual campaign reporting period January 1, 2002 through June 30, 2002, Respondent George M. Drysdale made \$26,390 in political contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing Respondent’s campaign activity during the period January 1, 2002 through June 30, 2002. Respondent committed a violation of the Act by failing to timely file that semi-annual campaign statement.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

Respondent George M. Drysdale failed to file a semi-annual campaign statement, by the July 31, 2002 due date, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84200, subdivision (b) of the Government Code.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84215, subdivision (a) requires all major donor committees that make contributions supporting or opposing state candidates, measures, or committees to file their campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters of the City and County of San Francisco.

### **SUMMARY OF THE FACTS**

During the semi-annual reporting period January 1, 2002 through June 30, 2002, Respondent George M. Drysdale made \$26,390 in campaign contributions to various campaign committees. By making campaign contributions of \$10,000 or more in 2002, Respondent qualified as a major donor committee under section 82013, subdivision (c).

Having qualified as a major donor committee, Respondent George M. Drysdale had a duty, under section 84200, subdivision (b), to file a semi-annual campaign statement for the reporting period January 1, 2002 through June 30, 2002, disclosing his campaign contributions made during the reporting period. Respondent was required to file the statement at all of the locations specified in section 84215, subdivision (a), including the Office of the Secretary of State, by July 31, 2002. However, Respondent failed to file a semi-annual campaign statement by the July 31, 2002 due date, in violation of section 84200, subdivision (b).

On three separate occasions, Enforcement Division staff subsequently sent notices to Respondent George M. Drysdale's California address, regarding his failure to file a semi-annual campaign statement for the reporting period January 1, 2002 through June 30, 2002. Despite those notices, Respondent's delinquent semi-annual campaign statement remained unfiled. After the third notice, Respondent alleges that he mailed the delinquent semi-annual campaign statement to the Secretary of State's office, although the Secretary of State's office has no record of the filing being made at that time. As a condition of this stipulated settlement, Respondent has since properly filed the delinquent semi-annual campaign statement.

### **CONCLUSION**

This matter consists of one count, which carries a maximum possible administrative penalty of five thousand dollars (\$5,000).

Although this matter could have been resolved through the Enforcement Division's Streamlined Major Donor Enforcement Program, this matter was excluded from the program when Respondent failed to respond to the Enforcement Division's offer of an early resolution of the matter through the program.

The administrative penalty imposed for major donor filing violations resolved outside of the Streamlined Major Donor Enforcement Program has historically been determined on a case-by-case basis, and has varied depending on the mix of aggravating and mitigating circumstances. In this case, Respondent's violation is aggravated by the fact that it required the sending of at least three notices by the Major Donor Streamlined Program Coordinator and numerous subsequent contacts by an Enforcement Division attorney before the delinquent statement was filed. Therefore, a penalty higher than that which would have been imposed under the streamlined program is appropriate. However, Respondent was a first-time major donor who was unaware of his filing requirements, and has attributed his violation to that lack of understanding. Moreover, Respondent resides in the Philippines, and the notices sent by the Major Donor Streamlined Program Coordinator were sent to an address in California where Respondent is present only intermittently. In light of these factors, a penalty approximating the middle of the penalty range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Two Thousand Five Hundred Dollars (\$2,500).